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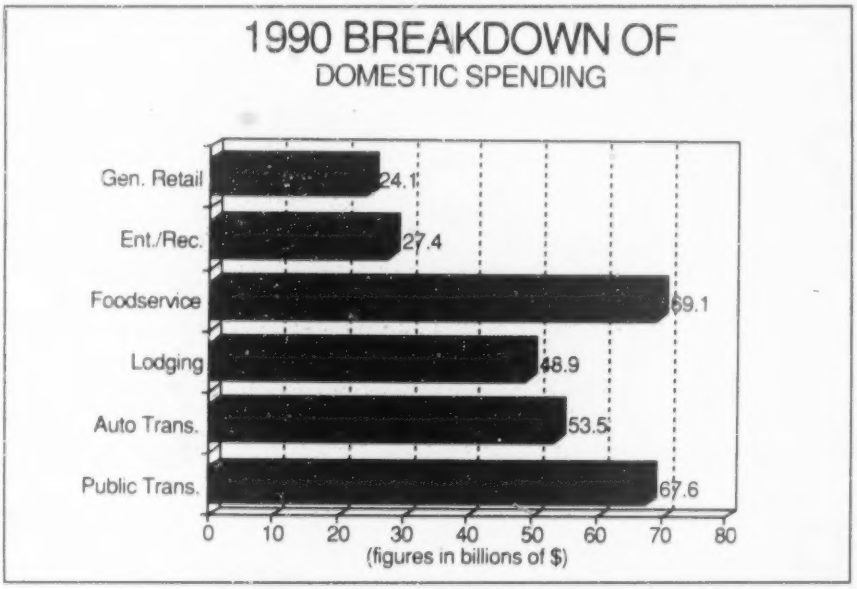
Travelers In The U.S. Increased Spending 7.9 Percent In 1990 To Nearly $334 Billion

The amount travelers spent in the United States increased 7.9 percent in 1990 to $333.9 billion according to the U.S. Travel Data Center's *1990 Impact of Travel on State Economies*. U.S. residents spent over $290 billion, while foreign travelers expended $43.3 billion in the United States. This report is based on the Data Center's Travel Economic Impact Model (TEIM), the only national model which produces the economic impact of travel and tourism at the national, state and local levels.

The total direct and indirect impact of domestic travel on the U.S. economy also increased, producing $698.0 billion in expenditures and output. This represents a 10.2 percent increase over 1989's $633.2 billion figure.

Domestic spending on entertainment and recreational activities took the largest jump of any category, increasing 9.5 percent over 1989 to $27.4 billion. Lodging expenditures also increased by 7.8 percent to $48.9 billion, while foodservice rose 6.6 percent to $69.1 billion.

The *1990 Impact of Travel on State Economies* also reported that travel spending in the United States generated over $46 billion in tax revenue for federal, state and local governments. This number reflects a $7 billion increase over 1989 tax revenue numbers.



The travel industry also had a positive effect on employment. Travel expenditures generated by U.S. and international visitors directly generated 6 million jobs in 1990, paying more than $90.2 billion in wages and salaries. These numbers reveal only the impact that travel has on direct employment. Including indirect employment figures, the travel industry generated almost 11 million jobs.

The Data Center estimates that on the average, every $48,333 spent on travel in the United States directly supported one job in 1990. In 1989, every $53,200 directly supported one job.

"Travel industry employment has remained stable through these tough economic times," said Bill Evans, manager of economic studies for the Data Center. "The travel industry continues to outperform total U.S. employment figures."

The increase in the travel industry's revenue might be partially caused by an 8.3 percent increase in the cost of travel services in 1990. This number is over 2 percent higher than the rise in consumer prices.

Although the *1990 Impact of Travel on State Economies* presents nation-wide numbers, the report also concentrates on the impact of travel on individual state's economies.

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- **Budget Cuts Threaten Important Research**

Travel Prices Rise 1.5 Percent In July

The cost of traveling in the United States jumped 1.5 percent in July, according to the U.S. Travel Data Center's Travel Price Index (TPI). It was the largest cost increase since January, when prices leaped 2 percent.

The increase in the costs of lodging and air fares contributed to the rise as both industries reported price hikes of over 3 percent. The percent change in these components reflect the full price fares and room rack rates. They do not reflect the recent price wars and discounting present in both industries. Overall, the TPI rose 3.3 percent compared to the same period last year.

The TPI, which measures seasonally unadjusted changes in the cost of travel in the United States, increased to 151.4 (1982-84=100) during July. The TPI indicates the price changes in travel goods and services available to the consumer in the United States and does not necessarily represent changes in average fares, rates and other costs the travelers actually paid.

The Data Center releases the Travel Price Index during the last week of each month. For more information on the Travel Price Index, contact Joseph P. Horak (202) 293-1040.

TRAVEL PRICE INDEX AND COMPONENTS

JULY 1992	MONTHLY % CHANGE JUNE 1992 TO JULY 1992	ANNUAL % CHANGE JULY 1992 TO JULY 1991
TPI COMPONENTS		
TRANSPORTATION	1.5	1.8
Airline Fares	3.2	-0.9
Intracity Public Trans.	0.2	5.6
Other Intracity Trans.	-0.9	2.5
Motor Fuel	-0.1	4.7
LODGING	3.4	6.2
FOOD AND BEVERAGES AWAY FROM HOME	0.1	1.8
ENTERTAINMENT	0.6	2.3
TRAVEL PRICE INDEX	**1.5**	**3.3**
CONS. PRICE INDEX	**0.2**	**3.2**

(SOURCE: U.S. TRAVEL DATA CENTER)

Cook Addressed U.S. Economy In Brussels

Emphasizing global cooperation to promote tourism, U.S. Travel Data Center Executive Director Suzanne Cook addressed the European press corps at the recent Travel Industry Association of America's POW WOW Europe convention in Brussels, Belgium.

Citing marketing agreements the Data Center has with the World Tourism Organization and the European Travel Intelligence Center, Dr. Cook spoke of the importance of exchanging key information concerning travel trends within Europe and the rest of the world. In addition to her remarks on the significance of global tourism, Dr. Cook also provided information on the U.S. economy and its effect on U.S. travelers.

Dr. Cook reported that in the first quarter of 1992 travel remained weak, down 1.2 percent in volume as compared to the same period in 1991. However, Dr. Cook emphasized that there is evidence to suggest that the numbers will improve. Specifically, she cited, the air fare wars as possibly having a dramatic effect on the travel industry.

"The Data Center estimates that these lower fares will induce at least nine million more U.S. adults to use airlines that would not have if fares were higher," said Dr. Cook.

As evidence for the increase, Dr. Cook cited recent numbers that showed domestic passenger-miles up 13 percent in July. In addition, she quoted numbers that reflected a 20 percent increase in international passenger-miles this year.

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Dr. Suzanne Cook, Exec. Dir.

Joseph P. Horak, Editor

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SPECIAL REPORT...

U.S. & European Travel Industries Seek Congressional Funding For Key Air Traffic Data

The U.S. Department of Transportation still lacks the funding required to complete its computer processing of the U.S. international air travel statistics (INS Form I-92) for 1991 and beyond.

This problem has been raised to a crisis situation because of the U.S. House of Representatives' subcommittee ruling which deleted the funding from DOT's budget for FY1993. The U.S. Senate restored only half of the DOT Research and Special Programs Administration's (RSPA) budget, but nothing will be done until late September when the House and Senate must vote on reconciling the difference. If full funding of $600,000 is not provided to RSPA for processing the I-92 data, the only source for U.S. citizen departure data will remain unavailable to the travel industry for 1991, 1992 and beyond.

The INS I-92 Form is still being collected, but the Department of Transportation has not had funds to process these data since they released the April 1991 figures. The I-92 is the only source of U.S. citizen outbound origin-destination data released to the travel industry.

Without the statistics, the United States Travel and Tourism Administration (USTTA) will be unable to publish the expanded data from its 1991 and 1992 In-Flight Survey, which focuses on U.S. traveler visitation to overseas countries. In addition to critical market planning information on travel patterns, characteristics and spending of U.S. citizens will be unavailable. This means the U.S. Department of Commerce, through the Bureau of Economic Analysis, cannot accurately measure the U.S. travel surplus. The lack of I-92 data, if not resolved, may also have implications for data on international travelers to the U.S.. If the airlines that voluntarily participate in the USTTA In-Flight Survey do not receive the U.S. outbound data, they might start to withdraw from the program, causing the inbound data on non-residents to also suffer.

In the most recent issue of the European Travel Marketing Report, ***Trans-Atlantic***, the European Travel Commission came out in support of both the Department of Transportation and the USTTA in their efforts to restore funding to this vitally important program.

TO VOICE YOUR SUPPORT CONTACT:

Barbara Franklin, Secretary of Commerce, U.S. Commerce Department, 14th and Constitution Ave., NW, Washington, D.C. 20230 and to Andy Card, Secretary of Transportation, U.S. Department of Transportation, 400 7th St, SW, Washington, D.C. 20590.

The following are key congressional leaders who could have an impact on DOT funding. The Honorable Frank Lautenberg (D-NJ), Chairman, and the Honorable Al D'Amato (R-NY), Ranking Minority Leader. Their addresses are: Subcommittee on Transportation, Committee on Appropriations, United States Senate, Washington, D.C. 20510. The main House of Representatives contacts are: The Honorable William Lehman (D-FL), Chairman, and the Honorable Larry Coughlin (R-PA) Ranking Minority Leader. They can be reached by writing to: Subcommittee on Transportation, Committee on Appropriations, U.S. House of Representatives, Washington, D.C. 20515.

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"States are beginning to realize what an impact travel has on their economies," said Suzanne Cook, executive director of the Data Center. "The travel industry produces jobs and tax revenue that assist is giving states a solid tax base."

As in 1989, California garnered the largest share of U.S. resident spending in 1990. California represented 13.9 percent of the total market. Florida was second, taking 9 percent.

Only three states posted double-digit increases in domestic travel spending during 1990, down from 1989's 5 states and the District of Columbia. The national average increase for state travel spending was 6.5 percent.

"A portion of the drop among states was related to the economy, as the recession began in the fourth quarter of 1990," said Evans. "In addition, the price of oil jumped during the fourth quarter due to the Gulf Crisis and deterred some travelers from leaving home."

United States domestic travel expenditures have grown significantly over the years. In 1977, total domestic travel revenue totaled just over $100 billion. The totals have steadily increased over the years leading up to 1990's $290 billion.

The *1990 Impact of Travel on State Economies* can be obtained for $70 from the Data Center's marketing department. To place an order or get additional information, please call (202) 293-1040. (Data Center members will be receiving a complimentary copy.)

CURRENT TRAVEL INDICATORS 1991 - 1992

	MONTH	VALUE	UNITS	PERCENT CHANGE MONTH / YR. AGO	/ YR. TO DATE
Establishment Receipts or Retail Sales					
Hotels, Motels, Other Lodging (1)	JUNE	$6,547	millions	13.4	4.2	4.7
Eating and Drinking Places (2)	JULY	$16,219	millions	0.9	0.3	2.7
Gasoline Service Stations (2)	JULY	$10,655	millions	0.2	1.5	-2.8
Consumer Lodging Demand					
Hotels/Motels Occupancy Rates (3)	JUNE	62.4	percent	0.2	1.1	2.5
Real Demand For Commercial Lodging (4)	JUNE	72.5	millions	6.0	3.5	4.2
Airline Passenger Traffic (5)					
Domestic Revenue Passenger Miles	JULY	35.4	billions	10.6	13.1	2.9
Int'l Revenue Passenger Miles	JULY	12.9	billions	8.8	6.0	19.8
Highway Traffic Volume (6)					
Rural Arterial Vehicle Miles	MAY	49,179	millions	6.9	3.8	5.0
Rail Passenger Traffic (7)					
Amtrak Passenger Miles	JUNE	450.4	millions	-13.6	-21.8	-4.0
Travel Price Index (8)					
(1982-1984 = 100)	JULY	151.4		1.5	3.3	2.5
Visitor Vol. at National Park Service Areas (9)					
Recreational Visits	JUNE	32.6	millions	24.5	-1.9	4.1
Overnight Stays	JUNE	2.4	millions	50.7	-6.0	0.9
Foreign Arrivals to the United States					
From Overseas (10)	APR	1,313,347		3.0	16.9	23.8
From Canada (11)	JUNE	1,312,060		-10.8	-7.5	2.7
From Mexico (10)	APR	126,963		34.5	34.2	11.7
U.S. Citizen Departures					
To Canada (11)	JUNE	1,446,716		35.9	-6.41	-0.5
Domestic Demand For Motor Gasoline (12)					
Barrels Per Day	JUNE	7,398	thousands	1.5	-0.8	1.1

SOURCES: (1) Smith Travel Research, seasonally adjusted. (2) Bureau of Census, preliminary, revised monthly. (3) Smith Travel Research, seasonally adjusted. (4) Smith Travel Research, unadjusted room nights sold. (5) Air Transportation Association, preliminary, U.S. scheduled service air carriers. (6) Federal Highway Administration, preliminary revised monthly. (7) National Railroad Passenger Corporation (Amtrak). (8) U.S. Travel Data Center and Bureau of Labor Statistics. (9) National Parks Service, preliminary, unadjusted for differences in reporting units. (10) U.S. Travel and Tourism Administration, Mexican data reflect I-94 arrivals only. (11) Statistics Canada. (12) U.S. Department of Energy, prelim.

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U.S. Travel Data Center
Two Lafayette Centre
1133 21st Street, NW
Washington, DC 20036-3390
(202) 293-1040

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